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FISCAL IMPACT STATEMENT

LS 7469

BILL NUMBER: HB 1554

NOTE PREPARED: Jan 12, 2003

BILL AMENDED:

SUBJECT: Local Unit Group Insurance.

FIRST AUTHOR: Rep. Liggett

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ GENERAL
☒ DEDICATED
☐ FEDERAL

IMPACT: Local

Summary of Legislation: This bill allows a small employer to participate in a health benefit plan currently available to local units of government.

Effective Date: July 1, 2003.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: This bill expands the eligible participants who may purchase insurance through the state local unit group (LUG) option to include small employers. This may result in higher premiums for local units of government and local school corporations who currently purchase insurance through the LUG program. The increase in premiums is due to adverse selection, or groups of people who join a health plan having a greater than average need for services than the current participants in the health plan. This higher risk correlates to higher premiums for the entire group. It is unknown as to how many new groups would opt into the LUG program.

As of October 2002, there were 28 local unit groups that offered this benefit and 552 employees enrolled. Current rates for LUG coverage average \$6,448 for single coverage and \$17,253 for family coverage per year. There are six different provider plans available for LUG participants: one traditional self-insured plan and five health maintenance organization plans.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: All that purchase health insurance through the Local Unit Group option from state plan insurers.

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